



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2013 Biennium

Bill #	SB0299	Title:	Clarify taxation and ownership river channel changed by evulsion
Primary Sponsor:	Hamlett, Bradley	Status:	As Amended in Senate Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2012</u> <u>Difference</u>	<u>FY 2013</u> <u>Difference</u>	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: SB 299 would clarify that when a river rapidly changes course, the old river bed becomes property of the adjacent land owner and that land is taxable. The new river channel is owned by the state. There is not fiscal impact of this bill.

FISCAL ANALYSIS

Assumptions:

1. Under current law, the stream beds of navigable rivers and streams are owned by the State of Montana and are not taxable. This bill clarifies what happens when a navigable river or stream changes course.
2. In this bill, when a navigable river or stream changes course the abandoned river bed becomes the property of the adjacent owner.
3. The new stream bed becomes the property of the state and is not taxable.
4. For the purposes of this fiscal note, it is assumed that the abandoned river bed has the same taxable value as the new river bed. There are no revenue impacts from this change in ownership to and from the state.
5. Under current law, the Department of Revenue (DOR) does not determine ownership of property. Ownership is determined by the filing of a deed with the county clerk and recorder. The county clerk and recorder then notifies the DOR of a change in ownership with a legal description of the property.
6. Under this bill, there is no deed filed with the county clerk and recorder and no legal description of the new stream bed or the abandoned stream bed.

7. According to this bill, the DOR would determine ownership of the property that was part of the old stream bed and the property that is now under water.
8. Based on a 2008 navigable river analysis, there are about 700 parcels that border or contain adjudicated rivers.
9. The amendments to SB 299 require the taxpayer to provide the DOR with a survey showing the change in the stream. This would significantly reduce the workload of the DOR in assessing the property of the abandoned river bed.
10. It is assumed that because a survey is required, the DOR would be able to administer this bill with existing resources.

Technical Notes:


1. The DOR has concerns about determining ownership of property. Currently, the DOR does not have this authority in any capacity.
2. It is not clear when the change for tax purposes would be effective. Probably for the tax year after the river or stream has changed course.
3. An amendment that acknowledges that the owners of the new riverbank may be tax exempt would clarify that this bill would not intend to impose a tax on an otherwise tax exempt entity.
4. Sections 1 and 2 of the bill define which rivers are considered navigable. The Department of Natural Resources and Conservation (DNRC) has actual historic evidence that 3,361 miles of rivers were used for commerce at the time of statehood and are, therefore, navigable in fact. According to the definition of navigable rivers in SB 299, only rivers that have been adjudicated (approximately 1,873 river miles) by a court of competent jurisdiction would be considered navigable.



Sponsor's Initials

3-18-11

Date



Budget Director's Initials

3/18/11

Date